



*“100% Air Cargo Screening:
Remaining Steps to Secure Passenger Aircraft”*

**STATEMENT OF MR. HARALD ZIELINSKI,
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BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION SECURITY
AND INFRASTRUCTURE PROTECTION
OF THE
HOUSE COMMITTEE ON HOMELAND SECURITY**

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Chairwoman Jackson-Lee, Ranking Member Dent, and Distinguished Members of the Subcommittee, it is my pleasure to testify before you today on behalf of Lufthansa Cargo. Thank you for the opportunity to present our views on one of the most important issues facing the air cargo industry: cargo screening.

My statement today will address several key aspects of the 100% screening requirement and further identify steps towards “smart security.” Based on Lufthansa Cargo’s experience, TSA has done an outstanding job of developing and communicating about the CCSP and ensuring that air cargo stakeholders are aware of the pending August 1 deadline for 100% screening of U.S. origin cargo. In comparison, some cases, the confidential security measures, as a result of this mandate, were not communicated with sufficient notice. We are unclear about how TSA will proceed with measures relating to foreign inbound cargo. Finally, we believe more could be done to evaluate cargo screening technologies and to foster the development of applied training to support the effectiveness on use of the technologies.

Deutsche Lufthansa Group Overview: Please allow me to offer a brief introduction of the Deutsche Lufthansa Aviation Group. Our portfolio of business units consist of Passenger Airlines services, Cargo, Logistics, Technical services as the largest Maintenance Repair and Overhaul provider globally, IT services through Lufthansa Systems and catering via LSG Sky Chefs. As one of the world’s largest airlines, Lufthansa currently flies to 191 destinations in 78 countries, with hubs in Frankfurt, Munich, and with its recent acquisition of Austrian Airlines and SWISS – Vienna and Zurich.

From our 17 gateways in the United States, Lufthansa serves some 400 destinations in more than 100 countries. Our Group is proud of the 10,000 employees living and working in cities and towns across America, contributing to local economies and

communities. We also believe in being a good corporate citizen. Annually we invest hundreds of millions of dollars within the U.S for goods, services and equipment. This year we celebrate our 50 years of cooperation with the Boeing Company, and we are proud to be the launch customer for the new Boeing 747-8 jetliner-- a multi-billion dollar order--that will serve as one of the industry's most fuel-efficient aircraft. As an industry innovator, this strategic investment embraces our long-standing commitment at the Lufthansa Group dedicated to environmental care and sustainability.

We rely on many U.S. partners and suppliers including General Electric, United Technologies, Honeywell and numerous ground handling, security, contract and service providers domestically. In addition, we closely cooperate with our Star Alliance partners United Airlines, US Airways and most recently Continental Airlines.

Specifically for Lufthansa Cargo, we serve 300 destinations worldwide by aircraft and/or truck. Currently, we operate with over 400 passenger aircraft and 17 MD-11 Freighters. Additional capacity is available to Lufthansa Cargo through the part ownership of Jade Cargo in China operating new Boeing 747 freighters and AeroLogic GmbH with new Boeing 777 freighters. Effective July 1st of this year, 102 additional aircraft from Austrian Airlines will be available to Lufthansa Cargo for capacity. Our total U.S. import tonnage in 2009 was 136,488 Tons. Our total export U.S. Tonnage for 2009 was 123,593 Tons. The capacity share is 41% freighter vs. 59% passenger cargo capacity. We serve some 65 cities in all 48 contiguous states by our Road Feeder Service.

Lufthansa Cargo Approach: Cargo security is an uncompromised priority and purposeful investment at Lufthansa Cargo. All of our airport stations in the United States are equipped with self-owned security equipment consisting of explosive trace detection equipment and large aperture, advanced-technology x-ray systems at our gateway stations.

When Congress passed the Implementing Recommendations of the 9/11 Commission Act of 2007 into law, mandating 100% cargo screening onboard passenger aircraft in the United States, Lufthansa Cargo adopted a comprehensive strategy. This was supported immediately by our executive board and senior leadership. For Lufthansa Cargo, the requirement to screen 100% did not simply apply to screening alone, but also required changes to our operations, resource allocation, productivity and processes. We directed extensive funding to our United States operations for the investment in technology and the cost for increased resources.

As our business is in the service sector, it is reliant upon our customer base. Integral to this strategy was establishing an effective communication campaign to promote awareness of the mandate. The key to this communication was to ensure an understanding by our customers on the need for readiness. Lufthansa Cargo initiated and hosted two security conferences in New York in 2008 and 2010 bringing together our industry partners and customers, academia and U.S. government representatives to address the increased regulatory framework in the United States. Additionally, we led two security conferences in Germany, which included representatives from TSA, in order

to continue the outreach plan on the U.S. and EU regulatory frameworks and the need for mutual recognition of security measures.

A tremendous effort has been incorporated into our business plan to ensure the mandate is accomplished successfully. It is important to highlight that these measures were adopted when the economic climate in 2009 was focused on business survival. I am very proud to report to you that these extensive efforts by Lufthansa Cargo will allow us to achieve the screening mandate in the United States one month early, effective July 1st, 2010. Albeit a massive challenge, considerable resources, money and time were allocated to adopt and carry out this strategy effectively and to ensure a robust business continuity plan.

U.S.- origin flights: We commend TSA on its robust communication effort within the United States to increase public awareness and understanding of the mandate. This included various road-shows, public outreach seminars and webinars to address the dynamics of the regulation and the operational challenges to industry. We also acknowledge TSA's extensive efforts in developing and allowing industry to adopt a key tool for the success for this mandate within the United States, the Certified Cargo Screening Program (CCSP). This program, although still in its infancy, is critical to ensure all partners share in the screening effort to maintain commercial flows, close-out times and to limit facility and airport congestion. We would encourage TSA to continue the outreach on the CCSP and invigorate the program beyond August 1st, 2010. We further commend TSA in meeting with specialty shippers in the pharmaceutical and sensitive goods markets to encourage adopting a plan to ensure the flow of commerce within these markets are not impeded.

Although TSA has been effective in its communication plan regarding the 50% and 100% milestones, intermediary milestones for both U.S. and foreign origin cargo were mandated without industry consultation and without adequate notice effective May 1st, 2010. Lufthansa Cargo had strategically aligned our budgets, resource scheduling and technology delivery schedules based on the initial mandates. In the future, we would encourage TSA to engage industry as expeditiously and extensively as possible in order to fulfill any necessary incremental requirements. While we recognize that TSA is responsible for developing the regulatory protocols, it is critical for industry to be well informed in order to best execute these regulations on multiple complex operational and management levels.

Foreign inbound cargo: TSA has communicated openly regarding the concerns and necessary policy adaptations to properly address 100% screening of cargo onboard passenger aircraft inbound to the United States. However, we are not certain of TSA's timetable for implementing 100% foreign inbound screening, of any additional interim regulatory steps it may take, or of the process by which TSA is engaging other governments to assess and recognize their security programs and factor this into compliance for foreign inbound shipments. Due to the complexities of the air cargo industry, we must look beyond a "one-size fits all" approach to security. It is critical that measures fulfilled under foreign programs that meet or exceed the measures anticipated

by TSA be fully assessed and evaluated for mutual recognition. We are a global company operating in a global industry, and duplication and redundancy in implementing multiple country specific cargo security efforts would impede the flow of commerce, create unnecessary costs and diminish efficiencies within supply chains. In the air freight market, we need to deliver products today, not tomorrow.

We commend TSA for recognizing the complexity of the international air freight market and the need to address the 100% inbound criteria with legitimate prudence to preserve trade and commerce among global partners, and we stand ready to engage in an active dialogue with TSA on this subject

The security policy of Lufthansa Cargo is based on risk management. Furthermore, our implementation of the European Union framework and the German Aviation Security plan provides a robust regulated environment for air cargo that has and continues to develop.

The German Aviation Security Program and the newly released European Union Framework 300, Rule 185, is a comprehensive program that mirrors the basic fundamentals of the TSA regulatory programs for U.S. origin flights. The basic fundamentals implemented thus far in the U.S. are currently mandated or underway for development within the European Union and each respective member state. In some areas these programs exceed TSA's requirements, such as in the areas of access control and employee screening prior to entering the secure area. General EU requirements have adopted a structure with the *regulated agent* and *certified consignor* that is of similar content and requirements of the TSA recognized *indirect air carrier* and *known shipper* who conducts screening under the *CCSP* program. Any entity in the EU issuing the security status of a shipment must be a regulated agent approved by the national competent authority. A certified consignor within the EU must apply and be subject to site-specific audits by the national competent authority. Additionally, road feeder service providers must also have a regulated status with the authority or be contractually connected to the regulated agent or airline.

Although we understand and respect that within the regulations imposed by TSA the airline is the regulated entity, we are not in a position to directly address the international challenges and concerns which require a "government to government" dialogue and engagement on the issues. We strongly encourage this official communication to be expedited between TSA and each member state within the EU to discuss the existing security measures that are currently applied in the U.S. and respective member state. TSA needs to adopt an international policy and program whereas protocols are developed and communication is strengthened. As TSA has provided the tools necessary to complete the outbound-U.S. screening requirement and have further indicated that the *CCSP* program is critical in meeting the 100% mandate in the U.S., such tools are imperative overseas in the area of mutual recognition in order to achieve the same level of success.

Lufthansa Cargo looks forward to work in continued collaboration with government and industry in the development of future security measures as they evolve or change with the continuous assessment of risks. In the effective approach to define risk, we recognize government to assess the threats; whereas industry can elaborate when it comes to realizing vulnerabilities and business consequence modeling. At Lufthansa Cargo we constantly review and evaluate the need for future security enhancements. We look forward to the opportunity to address a robust, comprehensive security program based on the supply chain and not based on the type of aircraft flown.

Technology for air cargo screening: We appreciate and recognize the requirements in the Implementing the 9/11 Recommendations Act of 2007 that cargo must be screened to ‘commensurate with checked baggage’, however, the fact remains that cargo does not have the same characteristics as checked baggage. Cargo consists of bulk packaging, odd sizes, various commodities and sensitivities that require enhanced technology. This would include the requirement to use larger aperture x-ray use beyond the current restrictions, expanded research on the use of trace detection applications and the further recognition of international canine teams. Lufthansa Cargo believes that based on our experience in dealing with millions of kilograms and hundreds of flights weekly we urge TSA to evaluate the need for requiring complicated screening percentage evaluations and manually reported data. “Smart security” depends upon the responsible allocation of justified resources to order to invoke the most efficient flow of operations while maintaining a balanced and reliable security environment.

Operational Testing and Training: Lufthansa Cargo has instituted best demonstrated practices for our security operation in the area of operational testing and training. In working closely with manufacturers we are extensively evaluating and field testing new technologies in Europe and the United States. Operational testing is critical to evaluate the real life challenges demanded of our industry and the complexity of cargo commodities and packaging. When evaluated outside the laboratory environment, the expansion of use for the technologies can be effectively realized. We urge TSA to bolster and expand field testing of large aperture screening technologies in order to address current restrictions. Equally, training is critical in order to effectively operate equipment and carry out security requirements. Lufthansa Cargo is confident that our training programs surpass any previous industry benchmark and believes that effective training will demonstrate effective security. Currently there is a tremendous disparity within the industry on how training and subsequent testing is developed and disseminated to the operational staff and representatives. We would welcome any opportunity to review these standards with TSA to develop a stronger framework for the industry.

Through our existing partnerships with TSA in exploring effective freighter screening technologies and the early evaluation stages for the CCSP program, we look forward to other areas of collaboration where we can find suitable solutions for the extremely complex environment that poses such significant challenges.

In conclusion, Madam Chairwoman, I thank you again for the opportunity to appear before this distinguished Subcommittee. We applaud you and the Committee and staff

for your leadership on the numerous efforts to ensure all modes of transportation are secure. We at the Lufthansa Group look forward to continuing a strong dialogue with you, the TSA and industry to address the challenges specific to air cargo. I am pleased to answer any questions you may have.